

**AMENDMENT OFFERED BY MR. RANGEL**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Estate Tax Relief Act of 2000”.

4 (b) AMENDMENT OF 1986 CODE.—Except as other-  
5 wise expressly provided, whenever in this Act an amend-  
6 ment or repeal is expressed in terms of an amendment  
7 to, or repeal of, a section or other provision, the reference  
8 shall be considered to be made to a section or other provi-  
9 sion of the Internal Revenue Code of 1986.

**10 SEC. 2. 20 PERCENT REDUCTION OF ESTATE TAX RATES.**

11 (a) IN GENERAL.—Paragraph (1) of section 2001(c)  
12 is amended to read as follows:

13 “(1) IN GENERAL.—

<b>“If the amount with respect to which the tentative tax is to be computed is:</b>	<b>The tentative tax is:</b>
Not over \$10,000 .....	14.4% of such amount.
Over \$10,000 but not over \$20,000.	\$1,440, plus 16% of the excess of such amount over \$10,000
Over \$20,000 but not over \$40,000.	\$3,040, plus 17.6% of the excess of such amount over \$20,000
Over \$40,000 but not over \$60,000.	\$6,560, plus 19.2% of the excess of such amount over \$40,000
Over \$60,000 but not over \$80,000.	\$10,400, plus 20.8% of the excess of such amount over \$60,000
Over \$80,000 but not over \$100,000.	\$14,560, plus 22.4% of the excess of such amount over \$80,000
Over \$100,000 but not over \$150,000.	\$19,040, plus 24% of the excess of such amount over \$100,000
Over \$150,000 but not over \$250,000.	\$31,040, plus 25.6% of the excess of such amount over \$150,000



**“If the amount with respect  
to which the tentative tax  
is to be computed is:**

**The tentative tax is:**

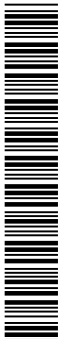
Over \$250,000 but not over \$500,000.	\$56,640, plus 27.2% of the excess of such amount over \$250,000
Over \$500,000 but not over \$750,000.	\$124,640, plus 29.6% of the excess of such amount over \$500,000
Over \$750,000 but not over \$1,000,000.	\$198,640, plus 31.2% of the excess of such amount over \$750,000
Over \$1,000,000 but not over \$1,250,000.	\$276,640, plus 32.8% of the excess of such amount over \$1,000,000
Over \$1,250,000 but not over \$1,500,000.	\$358,640, plus 34.4% of the excess of such amount over \$1,250,000
Over \$1,500,000 but not over \$2,000,000.	\$444,640, plus 36% of the excess of such amount over \$1,500,000
Over \$2,000,000 but not over \$2,500,000.	\$624,640, plus 39.2% of the excess of such amount over \$2,000,000
Over \$2,500,000 but not over \$3,000,000.	\$820,640, plus 42.4% of the excess of such amount over \$2,500,000
Over \$3,000,000 .....	\$1,032,640, plus 44% of the excess of such amount over \$3,000,000”.

1 (b) RESTORATION OF PHASEOUT OF UNIFIED CRED-  
2 IT.—Paragraph (2) of section 2001(c) is amended by  
3 striking “\$10,000,000” and all that follows and inserting  
4 “\$10,000,000. The amount of the increase under the pre-  
5 ceding sentence shall not exceed the sum of—

6 “(A) the applicable credit amount under  
7 section 2010(c), and

8 “(B) the excess of the amount equal to 44  
9 percent of \$3,000,000 over the amount of the  
10 tentative tax under paragraph (1) on  
11 \$3,000,000.”

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to estates of decedents dying, and  
14 gifts made, after December 31, 2000.



1 **SEC. 3. \$150,000 INCREASE IN EXEMPTION EQUIVALENT OF**  
 2 **UNIFIED CREDIT.**

3 (a) IN GENERAL.—The table contained in section  
 4 2010(c) (relating to applicable credit amount) is amended  
 5 to read as follows:

<b>“In the case of estates of decedents dying, and gifts made, during:</b>	<b>The applicable exclusion amount is:</b>
2000 .....	\$ 675,000
2001, 2002, 2003, 2004, and 2005 .....	\$1,100,000
2006 or thereafter .....	\$1,175,000.”.

6 (b) EFFECTIVE DATE.—The amendment made by  
 7 this section shall apply to estates of decedents dying, and  
 8 gifts made, after December 31, 2000.

9 **SEC. 4. INCREASE IN ESTATE TAX BENEFIT FOR FAMILY-**  
 10 **OWNED BUSINESS INTERESTS.**

11 (a) TRANSFER TO CREDIT PROVISIONS.—Section  
 12 2057 (relating to family-owned business interests) is here-  
 13 by moved to part II of subchapter A of chapter 11 of such  
 14 Code, inserted after section 2010, and redesignated as sec-  
 15 tion 2010A.

16 (b) INCREASE IN CREDIT; SURVIVING SPOUSE AL-  
 17 LOWED UNUSED CREDIT OF DECEDENT.—Subsection (a)  
 18 of section 2010A, as redesignated by subsection (a) of this  
 19 section, is amended to read as follows:

20 “(a) INCREASE IN UNITED CREDIT.—For purposes  
 21 of determining the unified credit under section 2010 in  
 22 the case of an estate of a decedent to which this section  
 23 applies—



1           “(1) IN GENERAL.—The applicable exclusion  
2           amount under section 2010(c) shall be increased  
3           (but not in excess of \$2,000,000) by the adjusted  
4           value of the qualified family-owned business interests  
5           of the decedent which are described in subsection  
6           (b)(2) and for which no deduction is allowed under  
7           section 2056.

8           “(2) TREATMENT OF UNUSED LIMITATION OF  
9           PREDECEASED SPOUSE.—In the case of a  
10          decedent—

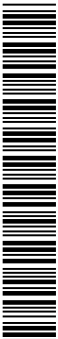
11               “(A) having no surviving spouse, but

12               “(B) who was the surviving spouse of a  
13          decedent—

14                   “(i) who died after December 31,  
15                   2000, and

16                   “(ii) whose estate met the require-  
17                   ments of subsection (b)(1) other than sub-  
18                   paragraph (B) thereof,

19          there shall be substituted for ‘\$2,000,000’ in para-  
20          graph (1) an amount equal to the excess of  
21          \$4,000,000 over the exclusion equivalent of the cred-  
22          it allowed under section 2010 (as increased by this  
23          section) to the estate of the decedent referred to in  
24          subparagraph (B). For purposes of the preceding  
25          sentence, the exclusion equivalent of the credit is the



1 amount on which a tentative tax under section  
2 2001(c) equal to such credit would be imposed.”

3 (c) CONFORMING AMENDMENTS.—

4 (1) The table of sections for part IV of sub-  
5 chapter A of chapter 11 of such Code is amended by  
6 striking the item relating to section 2057.

7 (2) Paragraph (10) of section 2031(c) of such  
8 Code is amended by striking “section 2057(e)(3)”  
9 and inserting “section 2010A(e)(3)”.

10 (3) The table of sections for part II of sub-  
11 chapter A of chapter 11 of such Code is amended by  
12 inserting after the item relating to section 2010 the  
13 following new item:

“Sec. 2010A. Family-owned business interests.”

14 (d) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to estates of decedents dying after  
16 December 31, 2000.

17 **SEC. 5. CREDIT FOR STATE DEATH TAXES REPLACED WITH**  
18 **DEDUCTION FOR SUCH TAXES.**

19 (a) REPEAL OF CREDIT.—Section 2011 (relating to  
20 credit for State death taxes) is hereby repealed.

21 (b) DEDUCTION FOR STATE DEATH TAXES.—Part  
22 IV of subchapter A of chapter 11 is amended by adding  
23 at the end the following new section:



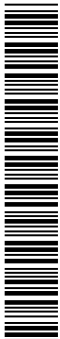
1   **“SEC. 2058. STATE DEATH TAXES.**

2       “(a) ALLOWANCE OF DEDUCTION.—For purposes of  
3 the tax imposed by section 2001, the value of the taxable  
4 estate shall be determined by deducting from the value  
5 of the gross estate the amount of any estate, inheritance,  
6 legacy, or succession taxes actually paid to any State or  
7 the District of Columbia, in respect of any property in-  
8 cluded in the gross estate (not including any such taxes  
9 paid with respect to the estate of a person other than the  
10 decedent).

11       “(b) PERIOD OF LIMITATIONS.—The deduction al-  
12 lowed by this section shall include only such taxes as were  
13 actually paid and deduction therefor claimed within 4  
14 years after the filing of the return required by section  
15 6018, except that—

16           “(1) If a petition for redetermination of a defi-  
17 ciency has been filed with the Tax Court within the  
18 time prescribed in section 6213(a), then within such  
19 4-year period or before the expiration of 60 days  
20 after the decision of the Tax Court becomes final.

21           “(2) If, under section 6161 or 6166, an exten-  
22 sion of time has been granted for payment of the tax  
23 shown on the return, or of a deficiency, then within  
24 such 4-year period or before the date of the expira-  
25 tion of the period of the extension.



1           “(3) If a claim for refund or credit of an over-  
2           payment of tax imposed by this chapter has been  
3           filed within the time prescribed in section 6511, then  
4           within such 4-year period or before the expiration of  
5           60 days from the date of mailing by certified mail  
6           or registered mail by the Secretary to the taxpayer  
7           of a notice of the disallowance of any part of such  
8           claim, or before the expiration of 60 days after a de-  
9           cision by any court of competent jurisdiction be-  
10          comes final with respect to a timely suit instituted  
11          upon such claim, whichever is later.

12          Refund based on the deduction may (despite the provisions  
13          of sections 6511 and 6512) be made if claim therefor is  
14          filed within the period above provided. Any such refund  
15          shall be made without interest.”

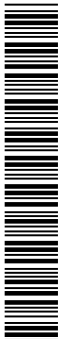
16          (c) CONFORMING AMENDMENTS.—

17                 (1) Subsection (a) of section 2012 is amended  
18                 by striking “the credit for State death taxes pro-  
19                 vided by section 2011 and”.

20                 (2) Subparagraph (A) of section 2013(c)(1) is  
21                 amended by striking “2011,”.

22                 (3) Paragraph (2) of section 2014(b) is amend-  
23                 ed by striking “, 2011,”.

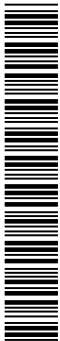
24                 (4) Sections 2015 and 2016 are each amended  
25                 by striking “2011 or”.



1           (5) Subsection (d) of section 2053 is amended  
2           to read as follows:

3           “(d) CERTAIN FOREIGN DEATH TAXES.—

4                 “(1) IN GENERAL.—Notwithstanding the provi-  
5           sions of subsection (c)(1)(B) of this section, for pur-  
6           poses of the tax imposed by section 2001, the value  
7           of the taxable estate may be determined, if the ex-  
8           ecutor so elects before the expiration of the period  
9           of limitation for assessment provided in section  
10          6501, by deducting from the value of the gross es-  
11          tate the amount (as determined in accordance with  
12          regulations prescribed by the Secretary) of any es-  
13          tate, succession, legacy, or inheritance tax imposed  
14          by and actually paid to any foreign country, in re-  
15          spect of any property situated within such foreign  
16          country and included in the gross estate of a citizen  
17          or resident of the United States, upon a transfer by  
18          the decedent for public, charitable, or religious uses  
19          described in section 2055. The determination under  
20          this paragraph of the country within which property  
21          is situated shall be made in accordance with the  
22          rules applicable under subchapter B (sec. 2101 and  
23          following) in determining whether property is situ-  
24          ated within or without the United States. Any elec-  
25          tion under this paragraph shall be exercised in ac-



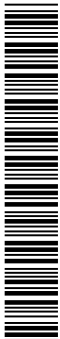


1 cordance with regulations prescribed by the Sec-  
2 retary.

3 “(2) CONDITION FOR ALLOWANCE OF DEDUC-  
4 TION.—No deduction shall be allowed under para-  
5 graph (1) for a foreign death tax specified therein  
6 unless the decrease in the tax imposed by section  
7 2001 which results from the deduction provided in  
8 paragraph (1) will inure solely for the benefit of the  
9 public, charitable, or religious transferees described  
10 in section 2055 or section 2106(a)(2). In any case  
11 where the tax imposed by section 2001 is equitably  
12 apportioned among all the transferees of property  
13 included in the gross estate, including those de-  
14 scribed in sections 2055 and 2106(a)(2) (taking into  
15 account any exemptions, credits, or deductions al-  
16 lowed by this chapter), in determining such decrease,  
17 there shall be disregarded any decrease in the Fed-  
18 eral estate tax which any transferees other than  
19 those described in sections 2055 and 2106(a)(2) are  
20 required to pay.

21 “(3) EFFECT ON CREDIT FOR FOREIGN DEATH  
22 TAXES OF DEDUCTION UNDER THIS SUBSECTION.—

23 “(A) ELECTION.—An election under this  
24 subsection shall be deemed a waiver of the right  
25 to claim a credit, against the Federal estate



1 tax, under a death tax convention with any for-  
2 eign country for any tax or portion thereof in  
3 respect of which a deduction is taken under this  
4 subsection.

5 “(B) CROSS REFERENCE.—

**“See section 2014(f) for the effect of a deduction  
taken under this paragraph on the credit for foreign  
death taxes.”**

6 (6) Subparagraph (A) of section 2056A(b)(10)  
7 is amended—

8 (A) by striking “2011,” and

9 (B) by inserting “2058,” after “2056,”.

10 (7)(A) Subsection (a) of section 2102 is amend-  
11 ed to read as follows:

12 “(a) IN GENERAL.—The tax imposed by section 2101  
13 shall be credited with the amounts determined in accord-  
14 ance with sections 2012 and 2013 (relating to gift tax and  
15 tax on prior transfers).”

16 (B) Section 2102 is amended by striking sub-  
17 section (b) and by redesignating subsection (c) as  
18 subsection (b).

19 (C) Section 2102(b)(5) (as redesignated by sub-  
20 paragraph (B)) and section 2107(c)(3) are each  
21 amended by striking “2011 to 2013, inclusive,” and  
22 inserting “2012 and 2013”.

23 (8) Subsection (a) of section 2106 is amended  
24 by adding at the end the following new paragraph:



1           “(4) STATE DEATH TAXES.—The amount which  
2           bears the same ratio to the State death taxes as the  
3           value of the property, as determined for purposes of  
4           this chapter, upon which State death taxes were paid  
5           and which is included in the gross estate under sec-  
6           tion 2103 bears to the value of the total gross estate  
7           under section 2103. For purposes of this paragraph,  
8           the term ‘State death taxes’ means the taxes de-  
9           scribed in section 2011(a).”

10           (9) Section 2201 is amended—

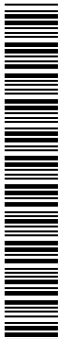
11                   (A) by striking “as defined in section  
12                   2011(d)”, and

13                   (B) by adding at the end the following new  
14                   flush sentence:

15           “For purposes of this section, the additional estate tax  
16           is the difference between the tax imposed by section 2001  
17           or 2101 and the amount equal to 125 percent of the max-  
18           imum credit provided by section 2011(b), as in effect be-  
19           fore its repeal by the Estate Tax Relief Act of 2000.”

20           (10) Paragraph (2) of section 6511(i) is amend-  
21           ed by striking “2011(c), 2014(b),” and inserting  
22           “2014(b)”.

23           (11) Subsection (c) of section 6612 is amended  
24           by striking “section 2011(c) (relating to refunds due  
25           to credit for State taxes),”.



1 (12) The table of sections for part II of sub-  
2 chapter A of chapter 11 is amended by striking the  
3 item relating to section 2011.

4 (13) The table of sections for part IV of sub-  
5 chapter A of chapter 11 is amended by adding at  
6 the end the following new item:

“Sec. 2058. State death taxes.”

7 (d) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to estates of decedents dying after  
9 December 31, 2000.

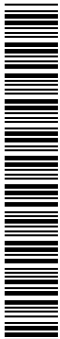
10 **SEC. 6. VALUATION RULES FOR CERTAIN TRANSFERS OF**  
11 **NONBUSINESS ASSETS; LIMITATION ON MI-**  
12 **NORITY DISCOUNTS.**

13 (a) IN GENERAL.—Section 2031 (relating to defini-  
14 tion of gross estate) is amended by redesignating sub-  
15 section (d) as subsection (f) and by inserting after sub-  
16 section (c) the following new subsections:

17 “(d) VALUATION RULES FOR CERTAIN TRANSFERS  
18 OF NONBUSINESS ASSETS.—For purposes of this  
19 subtitle—

20 “(1) IN GENERAL.—In the case of the transfer  
21 of any interest in an entity other than an interest  
22 which is actively traded (within the meaning of sec-  
23 tion 1092)—

24 “(A) the value of any nonbusiness assets  
25 held by the entity shall be determined as if the



1 transferor had transferred such assets directly  
2 to the transferee (and no valuation discount  
3 shall be allowed with respect to such nonbusi-  
4 ness assets), and

5 “(B) the nonbusiness assets shall not be  
6 taken into account in determining the value of  
7 the interest in the entity.

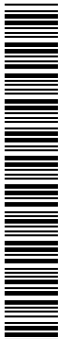
8 “(2) NONBUSINESS ASSETS.—For purposes of  
9 this subsection—

10 “(A) IN GENERAL.—The term ‘nonbusi-  
11 ness asset’ means any asset which is not used  
12 in the active conduct of 1 or more trades or  
13 businesses.

14 “(B) EXCEPTION FOR CERTAIN PASSIVE  
15 ASSETS.—Except as provided in subparagraph  
16 (C), a passive asset shall not be treated for pur-  
17 poses of subparagraph (A) as used in the active  
18 conduct of a trade or business unless—

19 “(i) the asset is property described in  
20 paragraph (1) or (4) of section 1221(a) or  
21 is a hedge with respect to such property,  
22 or

23 “(ii) the asset is real property used in  
24 the active conduct of 1 or more real prop-  
25 erty trades or businesses (within the mean-



1 ing of section 469(c)(7)(C)) in which the  
2 transferor materially participates and with  
3 respect to which the transferor meets the  
4 requirements of section 469(c)(7)(B)(ii).

5 For purposes of clause (ii), material participa-  
6 tion shall be determined under the rules of sec-  
7 tion 469(h), except that section 469(h)(3) shall  
8 be applied without regard to the limitation to  
9 farming activity.

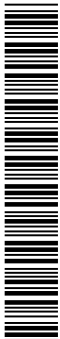
10 “(C) EXCEPTION FOR WORKING CAP-  
11 ITAL.—Any asset (including a passive asset)  
12 which is held as a part of the reasonably re-  
13 quired working capital needs of a trade or busi-  
14 ness shall be treated as used in the active con-  
15 duct of a trade or business.

16 “(3) PASSIVE ASSET.—For purposes of this  
17 subsection, the term ‘passive asset’ means any—

18 “(A) cash or cash equivalents,

19 “(B) except to the extent provided by the  
20 Secretary, stock in a corporation or any other  
21 equity, profits, or capital interest in any entity,

22 “(C) evidence of indebtedness, option, for-  
23 ward or futures contract, notional principal con-  
24 tract, or derivative,



1           “(D) asset described in clause (iii), (iv), or  
2           (v) of section 351(e)(1)(B),

3           “(E) annuity,

4           “(F) real property used in 1 or more real  
5           property trades or businesses (as defined in sec-  
6           tion 469(c)(7)(C)),

7           “(G) asset (other than a patent, trade-  
8           mark, or copyright) which produces royalty in-  
9           come,

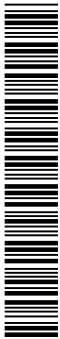
10          “(H) commodity,

11          “(I) collectible (within the meaning of sec-  
12          tion 401(m)), or

13          “(J) any other asset specified in regula-  
14          tions prescribed by the Secretary.

15          “(4) LOOK-THRU RULES.—

16               “(A) IN GENERAL.—If a nonbusiness asset  
17               of an entity consists of a 10-percent interest in  
18               any other entity, this subsection shall be ap-  
19               plied by disregarding the 10-percent interest  
20               and by treating the entity as holding directly its  
21               ratable share of the assets of the other entity.  
22               This subparagraph shall be applied successively  
23               to any 10-percent interest of such other entity  
24               in any other entity.



1                   “(B) 10-PERCENT INTEREST.—The term  
2                   ‘10-percent interest’ means—

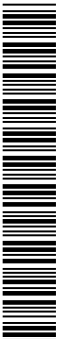
3                   “(i) in the case of an interest in a cor-  
4                   poration, ownership of at least 10 percent  
5                   (by vote or value) of the stock in such cor-  
6                   poration,

7                   “(ii) in the case of an interest in a  
8                   partnership, ownership of at least 10 per-  
9                   cent of the capital or profits interest in the  
10                  partnership, and

11                  “(iii) in any other case, ownership of  
12                  at least 10 percent of the beneficial inter-  
13                  ests in the entity.

14                  “(5) COORDINATION WITH SUBSECTION (b).—  
15                  Subsection (b) shall apply after the application of  
16                  this subsection.

17                  “(e) LIMITATION ON MINORITY DISCOUNTS.—For  
18                  purposes of this subtitle, in the case of the transfer of  
19                  an interest in an entity, no reduction in the amount which  
20                  would otherwise be determined to be the value of such in-  
21                  terest shall be allowed by reason of the fact that the inter-  
22                  est does not represent control of such entity if the trans-  
23                  feror and members of the family (as defined in section  
24                  2032A(e)(2)) of the transferor have control of such enti-  
25                  ty.”





1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to transfers after the date of the  
3 enactment of this Act.

4 **SEC. 7. TAX ON GIFTS AND BEQUESTS RECEIVED BY**  
5 **UNITED STATES CITIZENS AND RESIDENTS**  
6 **FROM EXPATRIATES.**

7 (a) IN GENERAL.—Subtitle B (relating to estate and  
8 gift taxes) is amended by inserting after chapter 13 the  
9 following new chapter:

10 **“CHAPTER 13A—GIFTS AND BEQUESTS**  
11 **FROM EXPATRIATES**

“Sec. 2681. Imposition of tax.

12 **“SEC. 2681. IMPOSITION OF TAX.**

13 “(a) IN GENERAL.—If, during any calendar year, any  
14 United States citizen or resident receives any covered gift  
15 or bequest, there is hereby imposed a tax equal to the  
16 product of—

17 “(1) the highest rate of tax specified in the  
18 table contained in section 2001(c) as in effect on the  
19 date of such receipt, and

20 “(2) the value of such covered gift or bequest.

21 “(b) TAX TO BE PAID BY RECIPIENT.—The tax im-  
22 posed by subsection (a) on any covered gift or bequest  
23 shall be paid by the person receiving such gift or bequest.



1 “(c) EXCEPTION FOR CERTAIN GIFTS.—Subsection  
2 (a) shall apply only to the extent that the covered gifts  
3 and bequests received during the calendar year exceed  
4 \$10,000.

5 “(d) TAX REDUCED BY FOREIGN GIFT OR ESTATE  
6 TAX.—The tax imposed by subsection (a) on any covered  
7 gift or bequest shall be reduced by the amount of any gift  
8 or estate tax paid to a foreign country with respect to such  
9 covered gift or bequest.

10 “(e) COVERED GIFT OR BEQUEST.—

11 “(1) IN GENERAL.—For purposes of this chap-  
12 ter, the term ‘covered gift or bequest’ means—

13 “(A) any property acquired by gift directly  
14 or indirectly from an individual who, at the  
15 time of such acquisition, was an expatriate, and

16 “(B) any property acquired by bequest, de-  
17 vise, or inheritance directly or indirectly from  
18 an individual who, at the time of death, was an  
19 expatriate.

20 “(2) EXCEPTIONS FOR TRANSFERS OTHERWISE  
21 SUBJECT TO ESTATE OR GIFT TAX.—Such term shall  
22 not include—

23 “(A) any property shown on a timely filed  
24 return of tax imposed by chapter 12 which is a  
25 taxable gift by the expatriate, and



1           “(B) any property shown on a timely filed  
2           return of tax imposed by chapter 11 of the es-  
3           tate of the expatriate.

4           “(3) TRANSFERS IN TRUST.—

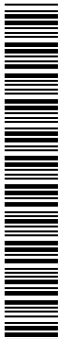
5           “(A) IN GENERAL.—Any covered gift or  
6           bequest which is made in trust shall be treated  
7           as made to the beneficiaries of such trust in  
8           proportion to their respective interests in such  
9           trust.

10           “(B) DETERMINATION OF BENEFICIARIES’  
11           INTEREST IN TRUST.—For purposes of sub-  
12           paragraph (A), a beneficiary’s interest in a  
13           trust shall be based upon all relevant facts and  
14           circumstances, including the terms of the trust  
15           instrument and any letter of wishes or similar  
16           document, historical patterns of trust distribu-  
17           tions, and the existence of and functions per-  
18           formed by a trust protector or any similar advi-  
19           sor.

20           “(f) EXPATRIATE.—For purposes of this section, the  
21           term ‘expatriate’ means—

22           “(1) any United States citizen who relinquishes  
23           his citizenship, and

24           “(2) any long-term resident of the United  
25           States who—



1           “(A) ceases to be a lawful permanent resi-  
2           dent of the United States (within the meaning  
3           of section 7701(b)(6)), or

4           “(B) commences to be treated as a resi-  
5           dent of a foreign country under the provisions  
6           of a tax treaty between the United States and  
7           the foreign country and who does not waive the  
8           benefits of such treaty applicable to residents of  
9           the foreign country.”

10       (b) CLERICAL AMENDMENT.—The table of chapters  
11       for subtitle B of such Code is amended by inserting after  
12       the item relating to chapter 13 the following new item:

          “Chapter 13A. Gifts and bequests from expatriates.”

13       (c) EFFECTIVE DATE.—The amendments made by  
14       this section shall apply to covered gifts and bequests (as  
15       defined in section 2681 of such Code, as added by this  
16       section) received on or after May 25, 2000.

